

PHILIP MORRIS MANAGEMENT CORP. INTER-OFFICE CORRESPONDENCE  
120 PARK AVENUE, NEW YORK, NY 10017-5592

TO: All Employees

DATE: January 20, 1999

FROM: Darienne L. Dennis

SUBJECT: **U.S. Tobacco Companies Respond to President Clinton's  
State of the Union Address**

Following last night's *State of the Union Address*, in which President Clinton referenced a possible legal case against the U.S. tobacco companies, the following statement was issued today by Philip Morris, Inc.; R.J. Reynolds Tobacco Company; Brown & Williamson Tobacco Corp.; and the Lorillard Tobacco Company:

"In April 1997, the Justice Department said 'Medicare and Medicaid statutes do not provide explicit authority for the federal government' to sue tobacco companies. The relevant laws have not changed, and not until last night, during a political speech, did anyone in the Administration publicly suggest such authority exists. Now, the President has ordered the Justice Department to reverse course and concoct a legal basis for this case. It may be good politics to continue a witch hunt against a legal industry. But it remains bad law. The industry will vigorously defend itself against this entirely political lawsuit."

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